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**U.S. CHARGES FOUR IN INSURANCE FRAUD SCHEME
TIED TO AUTO ACCIDENTS IN NEW YORK AND FLORIDA**

JAMES B. COMEY, the United States Attorney for the Southern District of New York, and KEVIN P. DONOVAN, the Assistant Director in Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced that four defendants were charged today in Manhattan federal court with participating in a conspiracy to commit health care and insurance fraud related to automobile accidents in New York City and in Florida.

The defendants are KIRILL PERCY, a/k/a "Ken Percy," a personal injury lawyer in Manhattan who also held an interest in or was associated with several medical clinics in New York and Florida; ARTHUR PERCY, KIRILL PERCY's brother and the operator of a Florida medical clinic; MIHAIL MURAKHOVSKY, a/k/a "Michael Murakhovsky," the manager of a Florida medical clinic; and MAX SANTIAGO, a tow truck driver who directed accident victims to medical clinics affiliated with the defendants in exchange for cash payment.

The medical clinics with which the defendants were alleged to be associated were Livingston Medical Associates ("Livingston Medical"), in Brooklyn, New York; Southern Medical Offices ("Southern Medical") in the Bronx, New York; North Miami Pain & Rehabilitation Center (the "North Miami Clinic"), in North Miami, Florida; and Broward Pain & Rehabilitation Group (the "Broward Clinic") in Lauderhill, Florida.

According to a Complaint unsealed today, the defendants, among others, conspired to defraud insurance companies by making payments to "runners" to direct accident victims to medical clinics associated with the defendants. For example, according to the Complaint, from about January 2001 to about October 2002, a witness cooperating with the investigation was paid to direct accident victims to medical clinics in New York associated with KIRILL PERCY, including Southern Medical and Livingston Medical. The cooperating witness received up to \$1,900 for directing a client to a medical clinic associated with KIRILL PERCY, and also received up to \$600 for directing a client to KIRILL PERCY for a legal case related to the accident.

Similarly, the Complaint charges, from about April 2003 to about June 2003, the defendants, among others, conspired to defraud insurance companies by making payments to SANTIAGO and other tow truck drivers in Florida to direct accident victims whose cars they towed to the North Miami Clinic and the Broward Clinic. According to the Complaint, SANTIAGO and the other tow

truck drivers were to receive cash payments ranging from \$900 to \$1,250 for each person they directed to the medical clinics involved in the scheme.

According to the Complaint, the fees paid to runners were not disclosed to insurance companies. For example, a representative of State Farm Insurance Company ("State Farm"), which received notice of a no-fault insurance claim for a patient treated at the North Miami Clinic, informed an FBI agent that the fee paid to the runner who brought in that patient was not disclosed to State Farm. According to the representative of State Farm, State Farm considers the payment of cash fees to runners or tow truck drivers a material matter in the processing and payment of automobile no-fault claims.

The Complaint also alleges that at least one medical clinic associated with KIRILL PERCY referred accident victims to a facility that provided magnetic resonance imaging ("MRI"), and that the MRI facility in turn frequently paid kickbacks to the medical clinic. Further, both the cooperating witness and a former employee of Livingston Medical told FBI agents about the payment of what they understood to be kickbacks from MRI facilities. State Farm received claims for patients treated by both Livingston Medical and by an MRI facility identified by the former employee, it was charged, and the representative of State Farm told FBI agents that the MRI kickbacks were not disclosed to

State Farm in connection with these claims, and that State Farm considers payment of such cash fees, or kickbacks, by MRI locations to medical clinic personnel for referring patients a material matter in the processing and payment of automobile no-fault claims.

If convicted, each defendant faces a maximum sentence on the single conspiracy count in the Complaint of five years in jail and a fine of \$250,000 or twice the gross gain or loss resulting from the crime.

Mr. COMEY praised the efforts of the FBI. He also extended gratitude for the assistance of the National Insurance Crime Bureau and State Farm Insurance Company.

Mr. COMEY also said that the investigation is continuing.

Assistant United States Attorney JOAN M. LOUGHNANE is in charge of the prosecution.

The charges contained in the Complaint are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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